

CA20N
DE 180
-E81

3 1761 11651820 2

EXCHANGE

A NEWSLETTER FOR MEMBERS OF THE ONTARIO TEACHERS' PENSION PLAN

WE'RE CHANGING THE WAY WE DO THINGS...

so our service will focus more on *your* needs

We've restructured our organization so that all the services you need are consolidated into *one* Client Services Division. No more shuffling between departments – the same client services representative (CSR) will handle all your inquiries.

so our hours will be more convenient for you

We realized that our old hours just weren't suitable for those of you who prefer to come and see us or call us after school. So now we're making ourselves available to you 8.00 'til 5.30 Monday through Friday. Of course, if you want to listen to recorded information or leave us a message, our Phone-A-Memo line is open 24 hours a day.

so you'll know who to ask for when you call

We know it can be frustrating when you call a large organization and don't know who you should speak to. So now whenever you receive a letter from us, the name and telephone extension of your CSR will be typed at the bottom of the letter. Whenever you have a question about your pension, you can call this person directly, confident that you're talking to the right person. If we haven't corresponded with you lately, simply give your social insurance number when you call and an operator will connect you to the right person.

so you'll be able to call us more easily

We'll admit it – the single most common com-

plaint we get from you is that you can't get through to us on the phone. Here's what we're doing about it:

- We've added more telephone lines, so you should get the busy signal far less frequently. We get a steady stream of calls throughout the day (about 1,500 per day), but try calling between 8 and 9am or after 4pm if you can – these times seem to be a little less busy. Once your call has been connected, you can now dial straight through to the extension you want as long as you have a Touch-Tone phone. Otherwise, simply hold for an operator who will connect you, or leave a message if you're calling after hours.
- Often when you call our switchboard, you're put through to another call-waiting queue which is answered in rotation by one of our CSRs. We realize this system can be time-consuming and frustrating, so we're eliminating it. Instead, we'll connect you directly to one of a team of people responsible for handling your file. You may still be greeted by an answering machine if the line is busy, but at least you'll know you're leaving a message with the right person. Remember whenever you leave us a message to leave your name, your SIN, your phone number and area code, and the best time to reach you there.
- We've reassigned duties so more people can answer your calls. This should make getting an answer to that "quick little question" a lot faster. More complicated questions may still need to be referred to another CSR with the

Inside this issue

- *We compare the cost of buying credit before and after 1992*
- *Court ruling may allow supply teachers to buy credit*
- *Investments: fund diversifies off-shore*

appropriate area of expertise, but in all cases we'll get back to you just as soon as we possibly can.

so we can get back to you more quickly with the information you need

As one teacher put it: "You've got computers, so why can't you give us the information we need instantly?" Yes, we have a huge main-frame computer, but it's not set up for instant access by all staff. We're working towards consolidating all our computer systems and putting a terminal on the desk of every one of our CSRs so that all your details will be at their fingertips. This is a big job and it'll be a couple of years before it's fully implemented. So for now please bear with us while we work with manila folders, microfiches and computer printouts!

We're still coming up with ideas, and many more have come from those of you who participated in our survey and focus groups (see page 6). If you have an idea, or want to give us feedback on how we're doing so far, we'd love to hear from you! Write to us at the Communications Department or look out for one of our surveys.



BUY CREDIT BEFORE 1992... OR FACE MUCH HIGHER COSTS

You've heard us talk a lot about deadlines for buying credited service under the current provisions for things like maternity leave, study leave, refunds, and teaching outside Ontario. Along with your federalations, we've been encouraging you to apply now because the new 1992 rules will bring with them a new method of cost calculation, known as actuarial cost. So far we've been able to tell you that actuarial cost is generally much more expensive than the current contributions-plus-interest basis, as it reflects the true cost to the pension plan, but until now we haven't had the information to calculate just how much more it would be.

We've come up with some estimates to give you an idea of actuarial cost in some typical cases. In the example of the 50-year-old teacher buying credit for three years of service outside Ontario, the current cost is one twelfth what it will be in 1992!

The figures in our table are a very rough guide. As well as the amount of service you're buying and your age, the cost in your case would depend on your salary and your credited service. As a general guideline, the higher your current salary and the closer you are to your 90 factor (i.e. the higher your age and credited service), the higher the actuarial cost.

Most of you won't need to worry about exactly how much actuarial cost would be. Actuarial cost will affect you only if you miss the deadlines, or if you want to buy a type of credit under the new rules that isn't available to you under the current rules.

The main message is this: it is generally much less expensive to apply now rather than later. Applying before December 31, 1991 simply safeguards your option to buy under the current rules. If you decide to go ahead with the purchase, you'll have until December 1994 to finish your payments.

FAST TRACK

- For the quickest way to get an application kit, call **Phone-A-Memo** and leave a message. If you have a Touch-Tone phone, dial **1-800-387-0945** (226-4200 in Toronto), then press 142117.
- If you're repaying a refund, you don't need to apply. Just call **Phone-A-Memo**, press 1417 and leave a message with your details. We'll get back to you with the cost.
- You can repay a refund or pay for a credit purchase by transferring funds directly from your RRSP. This is the fastest way to do it and the most efficient, as your money remains tax sheltered. Call us and ask for a T2033 form.

HOW MUCH DOES IT COST: A COMPARISON BEFORE AND AFTER 1992

Type of service	Age	Amount of time bought	No. of years earlier you could retire	Cost now	Actuarial cost
Outside Ontario					
	43	2 yrs	1 yr	\$10,271	\$19,600
	50	3 yrs	1 1/2 yrs	\$6,226	\$76,000
	55	1 yr	6 mths	\$2,123	\$12,900
Foreign Country					
	53	3 1/2 yrs	1 1/2 yrs	\$9,330	\$40,300
	55	2 1/2 yrs	2 yrs	\$7,428	\$85,200
Business & Industry					
	53	3yrs	1 1/2 yrs	\$9,999	\$109,800
	57	4 1/2 yrs	2 1/4 yrs	\$17,521	\$69,500



PENSION BOARD APPEALS COURT RULING THAT COULD AFFECT 78,000 TEACHERS

When considering applications to buy credit, the pension board has always denied cases where the leave of absence or break in service followed a period of employment as an occasional teacher rather than as a contract teacher.

This meant, for example, that women who taught while raising a family were eligible to buy credit only for the first child, unless they held contract positions between pregnancies.

Three teachers recently challenged this interpretation in court on the basis that it was incorrect and that it was unfair to women.

The court agreed with the teachers' contention that the pension board's interpretation of the legislation was incorrect and ordered the pension board to accept the applications.

This decision, if extended to other teachers in a similar situation, could have far-reaching consequences. We estimate that roughly 78,000 teachers, including women

who taught on an occasional basis between pregnancies and supply teachers — male or female — who took a break to study or travel, could be eligible to buy credit for a total of about 300,000 years.

The potentially enormous financial impact of this on the pension plan has prompted the pension board to seek an appeal.

If permission to appeal is granted (we're hoping for a decision this fall), it's unlikely that the Court of Appeal would hear the case for at least a year.

However, the December 31, 1991 application deadline still applies if you want to buy credit without incurring higher costs (see page 2 for a comparison of costs before and after 1992).

So, if your application has been rejected in the past because you weren't a contract teacher, or if you did not apply because you've been told you won't be eligible, you may send an application into us now. We'll keep it on file pending the final outcome of this case.

TRANSFERRING FUNDS TO RRSP IS IRREVOCABLE

If you leave the teaching profession before you're ready to retire, think carefully before you transfer your money out of the pension plan. You may not be able to pay it back in the event you return to teaching later on.

A transfer shouldn't be confused with a simple refund of contributions, which *can* be repaid. A refund is what you get if you leave before your contributions are locked in (your pre-87 contributions are locked in after 10 years' service, your post-87 contributions after 2 years).

Once your contributions are locked in, you're entitled to a deferred pension, and you take it with you by transferring its commuted value to a locked-in RRSP.

Ask yourself whether there's any chance you'll go back to teaching some day. If so, you might be better off leaving the money in the plan.

SOUND FAMILIAR?



- Resigned to have a child or travel
- Returned to teaching
- Had a second child or went back to university
- Taught some more
- Had a third child or taught in India
- Returned to teaching in Ontario



If so, you may be able to buy a year's credit for each child or absence, provided you meet certain other requirements.

PLEASE BE PATIENT

If you've applied to buy credit-ed service in the past few months, please be patient with us while we process your form. We've been inundated with applications, so it may be several weeks before we can get back to you.



MORE INFORMATION NOW AT YOUR FINGERTIPS

We often encourage you to use Phone-A-Memo, our 24-hour recorded telephone information service. It gives you instant access to general information about how to repay a refund, how you qualify and apply to buy credit for past absences from teaching, and how you go about applying for your pension.

More information...easier to use

Now the system is bigger and better than ever. We've updated the messages to keep you up to date with new legislation, and added information to the section for active members (things like income tax issues and what you do about your pension if you leave teaching). We also restructured the system wherever possible to make it easier to use.

Booklet serves as index

In March we sent you a revised copy of the guide called *Easy Access to Your Pension Information* to help you find your way around the different sections. It seems to have helped, because the number of teachers calling Phone-A-Memo shot up in April.

New address?

There's one important feature you won't find in the booklet, as we added it after printing. It's a separate section just for giving us your change of address. Once you've connected to Phone-A-Memo, simply press 1, then 6, then leave us your message.

We're listening to your comments

We asked you to tell us what you think of Phone-A-Memo and give us some suggestions for improvement. Many of you did – thank you! – and we're happy to see that most of you feel we're providing a useful service. Your feedback is very valuable to us: when you report technical problems, we're usually able to fix them the same day. And when you suggest new topics, we can add information we know is important to you.



We did receive some complaints from people who simply don't like talking to a machine. This is something we can't fix – we know that Phone-A-Memo doesn't suit everyone. If your question is complicated or very specific, a recorded message system cannot replace speaking to a "live" person. Remember that Phone-A-Memo is just one of your options, and you can always call our main switchboard. We'll put you through to the right person as soon as we can.

If you're new to the Phone-A-Memo system, go ahead and give it a try! Here's what some of your colleagues have said about it:

"I find the Phone-A-Memo system very useful. The information about repaying refunds was easy to find and understand. I saved a lot of time by not writing letters."

"I just received the Easy Access booklet and I had a couple of things I wanted answered. I used the Phone-A-Memo and I am astounded. It was accurate; it was easy – I am really impressed with this system. I can't imagine not having this at my fingertips now. Bless you."

"The only way to improve the system would be to scrap it. It is the most frustrating, ill-thought out and stupid thing I have ever encountered in my whole life."

"I think it's a brilliant idea. It's a lot easier than sending things in the mail, because I never get around to doing that."

BUYING CREDIT FOR TEACHING IN A PRIVATE SCHOOL?

It used to be the case that if you were buying credit for teaching service in a designated private school, you couldn't include any of the time you were on a leave of absence during or immediately after that period.

A teacher successfully appealed our policy, and we're now allowing you to buy credit for the entire period, provided you were a qualified teacher at the time.

We've contacted all of the teachers we know of who might be affected by this, but there might be more of you. Ask yourself these questions:

- Did I teach in a private school that has since been designated under the pension plan?
- Did I resign or take a leave of absence during or immediately after that time – e.g. to have children, or to study or travel?

If the answer is yes and you want to buy credit to fill in the gaps in your service, call us for an application kit. Remember the application deadline is December 31, 1991, so be sure to send us all your documents before then.



FUND MOVES INTO INTERNATIONAL MARKETS



Investing outside North America is an important component of our diversification strategy, as many foreign companies offer the

opportunity for long-term growth. Our goal is to invest up to 10 per cent of our assets in such companies, with the exclusion of those with significant investments in South Africa. To this end, we hired external fund managers to buy shares in companies in Europe, Australia and the Far East.

Sharpen your knowledge with our quarterly reports

If you've never thought of yourself as an investor before, remember your pension is one of the largest investments you'll ever make. Although our financial experts take care of managing the money, you can follow our progress by simply reading our quarterly investment reports. In every issue of *Exchange* we'll show how much the total market value of the fund has gone up or down, how close we're getting to our target asset mix, and how well the fund is performing.

Benchmarks put figures into perspective

How can you judge the performance of the fund if you're not a financial expert? Looking at rates of return in isolation can be meaningless: For instance, is a 3.2% return on Treasury bills for the quarter good or bad? Overall, our goal is a real rate of return of 4.5% (i.e. 4.5% above inflation) based on a five-year average. As this goal will take some time to achieve, we've developed some benchmarks to give us an idea of how well we're progressing. We have a different benchmark for each of the investment portfolios, as well as an overall benchmark which is weighted proportionately and varies according to the composition of our assets.

When you look at the results, remember that with pension funds it's the *long-term* performance of the *overall* fund that matters. So don't panic if you see quarterly figures for some of the assets jump up and down – the short-term volatility of the stock market is compensated for by higher returns in the long run.

Your benefits are secure

Another thing to remember is that the investment performance of the fund won't directly affect how much money you'll get when you retire. In a defined benefit plan such as this

one, your pension benefits are based on a predetermined formula which takes into consideration your age, earnings and length of service.

WANT MORE DETAIL?

Watch for our series of articles focussing on each of the main portfolios.

NEXT ISSUE

Focus on fixed-income securities.

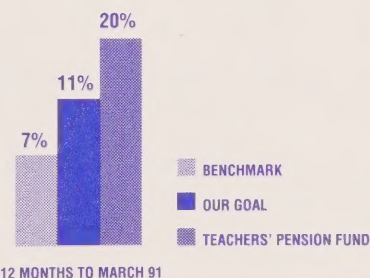
FIRST-QUARTER INVESTMENT RESULTS

TOTAL MARKET VALUE



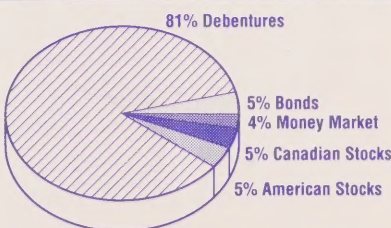
The market value of the fund rose \$886 million from December 31, 1990, largely due to payments we received from the government – \$409 million in matching contributions for 1989 and a \$200-million prepayment against the pre-1990 unfunded liability.

FUND PERFORMANCE



Pension fund returns rose from 6% in the 12 months ending December 31, 1990 to 20% in the 12 months ending March 31, 1991. This was due to lower interest rates, which increased the market value of the debenture portfolio (each 1% decrease in the interest rate increases the market value of debentures by 7%, and vice versa).

ASSET MIX



TARGET: 66% FIXED INCOME, 33% EQUITIES

\$617 million was invested in American and Canadian stocks. This increased the equity component of the fund from 7% to 10%.



YOUR PARTICIPATION WILL SHAPE OUR FUTURE

Assessing your needs and expectations is a crucial part of implementing our renewed commitment to providing you with the best service possible. Given the diversity of 160,000 teachers across Ontario, this is no small task!

With the help of market research consultants, we're using a two-pronged approach to survey your opinions. A mass-mailed questionnaire provides us with the quantitative information we need, while small focus group discussions give us a more detailed and personalized insight into how you feel about our service.

We sent the bilingual questionnaire to

10,000 teachers, randomly within each region of the province (you may have seen a copy inside the Spring edition of *Exchange*). Offering an incentive of 10 free dinners for two, we hoped to hear back from 2,000 of you, but ended up with an even higher response rate of about 25%.

Your employers helped us organize over 20 focus group sessions in April and May in Durham, London, Ottawa, Perth, Sudbury and Toronto. To make sure that different teacher groups were properly represented, we held separate sessions for elementary and secondary school teachers, and conducted two sessions (in Ottawa and

Sudbury) in French. We also tried to get a good cross-section of the teaching population in each of the groups.

The questionnaire and discussion groups focussed on service and communications issues: How well do you understand the role of the pension board and the provisions of the pension plan? What has been your experience when dealing with the pension board so far, and how can we improve it? How well do we communicate important issues? Are our publications clear, useful and easy to read?

We're still compiling the results, but preliminary feedback shows that many of you have similar comments. For example:

- You want fast, personal and accurate service;
- You're confused about the financial statements we send you;
- You're very frustrated you can't get through to us on the phone more easily;
- You feel a newsletter is the best vehicle for communicating with you.

In a later issue of *Exchange* we'll report in more detail on the things you think we do well and those you think we could improve. We'll also let you know how we plan to do better!

DON'T FORGET TO SEND US YOUR NEW ADDRESS

All our publications are now sent to you at your home address, including information of personal interest to you, such as your annual statement of contributions.

If we don't know where you are, we can't reach you!

NAME _____

SIN _____

ADDRESS _____

Exchange is a publication prepared by the Ontario Teachers' Pension Plan Board. We welcome your comments on this newsletter and suggestions for future newsletters. Contact us at:

**Communications Department
Teachers' Pension Plan Board
5650 Yonge Street, Suite 400, North York, Ontario M2M 4H5
(416) 226-2700 or 1-800-668-0105**

The information contained in this newsletter was accurate at the time of printing.
For further reference, please consult the *Teachers' Pension Act*, 1989.

SOME OF OUR DRAW WINNERS

Karen Zappia, Ottawa
Kate Crook, Listowel
Karin Lynett, Willowdale
Walter Yewchuk, Mississauga
Jeannine Traynor, Toronto
Linda Zimmerman, London

Each of these teachers won a \$50 voucher for dinner at the restaurant of their choice.